



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET**

WASHINGTON, D.C. 20503

August 3, 1984

LEGISLATIVE REFERRAL MEMORANDUM

LEGISLATIVE LIAISON
84-2791

TO: Legislative Liaison Officer

Department of Defense
Department of Agriculture
U.S. Information Agency
Office of Personnel Management
Central Intelligence Agency

Coordinated w/
-- per telephone call to
Phoebe Felk / OMB,
U stated that CIA
had "no comment"

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SUBJECT: State's views letter on a DOD draft bill 98-152, "To amend the Defense Dependents' Education Act of 1978, as amended, to permit the minor dependents of United States Government personnel stationed overseas to attend the Department of Defense Dependents Schools (DODDS) on a space-required basis when buildings are available."

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than Monday, August 20, 1984.

Questions should be referred to Ned Moore
(395-3796) or to Phoebe Felk
the legislative analyst in this office.

(395-3736),

Naomi R Sweeney

Naomi R. Sweeney for
Assistant Director for
Legislative Reference

Enclosures

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8/20/84



United States Department of State

Washington, D.C. 20520

AUG 1 1984

Dear Mr. Stockman:

We have carefully reviewed DOD draft bill 98-152, "To amend the Defense Dependents' Education Act of 1978, as amended, to permit the minor dependents of United States Government personnel stationed overseas to attend the Department of Defense Dependents Schools (DODDS) on a space-required basis when buildings are available," as well as the accompanying letters addressed to you and to House Speaker O'Neill.

Providing for the education of the dependents of overseas personnel continues to be a matter of highest concern to the Department of State. The Department does not view the proposed legislation as necessary and does not recommend its submission to the Congress. We would like to call your attention to several matters pertaining to the proposal.

Legally the education allowance authorized under the Department of State Standardized Regulations is a cost of living allowance, payable only to the employee. The funds authorized cannot be assigned or allotted, and the "agency of the sponsor" therefore cannot "reimburse the Department of Defense for the cost of the education of the dependent concerned," as specified in paragraph (3) of the proposed legislation. This is one of the fundamental differences between the DOD and civilian agency education programs overseas.

The Department of State does not agree with the view that as a result of the proposed legislation "...the United States Government would realize a significant cost savings in educating its overseas dependents." At the present time, basic tuition costs under the Standardized Regulations are calculated on the cost of DOD schools where such schools are available within normal commuting time and distance. When an employee opts for dependent children to attend a school that is more expensive than the DOD school, the employee is personally responsible for any additional tuition costs.

The Honorable
David A. Stockman, Director,
Office of Management and Budget.

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When an alternative school is less expensive than the DOD school, however, the employee is reimbursed allowable costs only, with concomitant savings to the U. S. Government.

If all sponsors who are provided an education allowance under the Standardized Regulations withdrew their dependent children from the DOD schools, the magnitude of this diminution would be less than one half of one per cent. This would not appear to be a significant factor. However, we believe that a large proportion of non-DOD Government employees will continue to opt to use DOD schools where they are available. Although precise figures are not yet available we do not believe that more than 20 to 30 dependents of State personnel will actually withdraw from the DOD school system.

We cannot accept the suggestion that the loss of a few students will reduce the quality of education offered to those who remain. It is inconceivable that the relatively small number of children involved would have any impact on the overall quality of the DODDS system. In addition, the reduction of funds transferred to DOD from sister agencies (and thereby retained by the Government) cannot be a significant factor for the same reason.

The Department's obligation for tuition costs has not increased as a result of the change in the Standardized Regulations. On the other hand, the change, which permits flexibility where there is a choice of schools, has had a positive effect on employee morale.

Because of its concern for the educational needs of dependent children of its overseas employees, the Department of State appreciates the opportunity to review and comment on the proposed legislation.

Sincerely,

W. Tapley Bennett, Jr.
Assistant Secretary
Legislative and Intergovernmental Affairs